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TO AMEMBASSY JIDDA
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SUBJECT- JOINT US-SAUDI BUSINESS GROUP

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-
1. INTERAGENCY GROUP PREPARING OPTIONS PAPER OUTLINING POSSIBLE FORMS A U.S.-SAUDI BUSINESS GROUP MIGHT TAKE. PURPOSE IS TO REACH AGREEMENT ON MOST USEFUL ALTERNATIVES FROM U.S. POINT OF VIEW. FINAL DRAFT IS DUE JAN. 22.

2. BRIEF OUTLINE OF OPTIONS WHICH APPEAR IN FIRST DRAFT FOLLOWS:

A. ENCOURAGE APPROPRIATE EXISTING U.S. BUSINESS ORGANIZA-

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PAGE 02 STATE 012577

TIONS TO FORM A SPECIAL SUBGROUP FOR SAUDI ARABIA. POTEN-

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

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TIAL GROUPS INCLUDE THE U.S. CHAMBER OF COMMERCE, THE NATIONAL ASSOCIATION OF MANUFACTURERS, THE AMERICAN-ARAB ASSOCIATION FOR COMMERCE AND INDUSTRY AND THE U.S.-ARAB CHAMBER OF COMMERCE.

B. FORM A JOINT U.S.G./BUSINESS GROUP. POSSIBLE FORMS THIS COULD TAKE INCLUDE FULL BUSINESS MEMBERSHIP ON THE U.S./SAUDI JOINT COMMISSION, AD HOC BUSINESS MEMBERSHIP ON

THE JOINT COMMISSION OR HIRING U.S. BUSINESS REPRESENTATIVES AS CONSULTANTS TO THE JOINT COMMISSION AS REQUIRED.

C. ENCOURAGE THE FORMATION OF A NEW, PURELY PRIVATE U.S. BUSINESS GROUP. FORMS THIS ORGANIZATION COULD TAKE INCLUDE A U.S.-SAUDI CHAMBER OF COMMERCE, WITH U.S. MEMBERSHIP CONFINED LARGELY TO COMPANIES ALREADY ACTIVE IN SAUDI ARABIA; A U.S.-SAUDI INDUSTRIAL COUNCIL, WITH MEMBERSHIP ON THE U.S. SIDE CONSISTING OF FIRMS IN INDUSTRIAL AND RELATED FIELDS; A PROJECT-ORIENTED BUSINESS GROUP, WHOSE MEMBERSHIP WOULD CHOOSE QUALIFIED FIRMS TO UNDERTAKE SAG PROJECTS ASSIGNED TO IT; A GENERAL U.S.-SAUDI BUSINESS COUNCIL, WHOSE MEMBERSHIP WOULD INCLUDE ALL U.S. FIRMS INTERESTED IN DOING BUSINESS IN SAUDI ARABIA. THESE FOUR GROUPS WOULD HAVE BOTH SAG AND SAUDI PRIVATE SECTOR MEMBERSHIP IN THE SAUDI SECTION OF THE GROUP.

3. IN OUR VIEW THERE WOULD BE CONSIDERABLE POTENTIAL FOR SERIOUS LEGAL DIFFICULTIES FOR USG IF A JOINT USG-BUSINESS GROUP WERE FORMED. INVOLVED ARE US LAWS ON ANTI-TRUST MATTERS, CONFLICT OF INTEREST, ADVISORY COMMITTEES AND THE ARAB BOYCOTT. THESE ISSUES ARE CURRENTLY UNDER STUDY.

4. IN ADDITION TO ANY COMMENTS OR ADDITIONS EMBASSY MAY HAVE ON OPTIONS LISTED PARA 2, WOULD APPRECIATE EMBASSY VIEWS ON FOLLOWING QUESTIONS: A) POSSIBLE REQUIREMENT BY FEDERAL ADVISORY COMMITTEE ACT THAT ANY MEETING OF GROUP COMPRISING USG REPRESENTATIVES AND US PRIVATE SECTOR BE PUBLICIZED IN ADVANCE, OPENED TO PUBLIC AND RECORDED THROUGH MAINTENANCE OF DETAILED MINUTES TO BE MADE AVAIL-

ABLE TO THE PUBLIC. THE ACT DOES PROVIDE THAT CLOSED MEETINGS CAN BE HELD IN CERTAIN CIRCUMSTANCES, SUCH AS A MEETING WHERE PROPRIETARY COMMERCIAL OR TRADE INFORMATION IS TO BE DISCUSSED; BUT SUCH EXCEPTIONS MUST BE PUBLICIZED IN ADVANCE IN THE FEDERAL REGISTER, AND SUCH NOTIFICATION MIGHT RESULT IN LEGAL CHALLENGE. IT IS ALSO UNLIKELY THAT WE COULD SUCCESSFULLY DEFEND CLOSING ALL MEETINGS OF ANY SUCH GROUP WITHOUT CHALLENGE, B) POSSIBLE

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REQUIREMENT BY ANTI-TRUST LAWS THAT ANY BUSINESS GROUP BE OPEN FOR MEMBERSHIP TO ANY INTERESTED US BUSINESS ENTERPRISE, C) THE DEGREE OF SAG ACTIVE PARTICIPATION IN BUSINESS GROUP WE CAN EXPECT. IDEAL SITUATION WOULD BE TO HAVE ALL INTERESTED SAG MINISTRIES REPRESENTED AT DECISION-MAKING LEVEL, D) WHETHER US FIRMS ALREADY ACTIVE IN

SAUDI ARABIA WOULD WISH TO JOIN AN ORGANIZATION DESIGNED TO BRING IN ADDITIONAL COMPETITION, AND E) THE DEGREE OF SAUDI BUSINESS INTEREST IN PARTICIPATION. KISSINGER

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